

“(I) a geographic area that includes an area designated as an empowerment zone, or an enterprise community, under part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986; or

“(II) a significant number of schools that are identified for school improvement under section 1116(b); or

“(ii) are located in areas having the greatest numbers or percentages of children aged 5 through 17 from low-income families.

“(5) STATE REQUIREMENT.—In distributing subgrant funds to local educational agencies under this subsection, a State shall provide funds in sufficient size and scope to enable local educational agencies to improve reading instruction, as determined by rigorous diagnostic reading and screening assessment tools.

“(6) LIMITATION TO CERTAIN SCHOOLS.—In distributing subgrant funds under this subsection, a local educational agency may provide funds only to schools—

“(A) that have the highest percentages of students in grades kindergarten through 3 reading below grade level; and

“(B) that—

“(i) are identified for school improvement under section 1116(b); or

“(ii) have the greatest numbers or percentages of children aged 5 through 17 from low-income families.

“(7) LOCAL USES OF FUNDS.—

“(A) REQUIRED USES.—Subject to paragraph (8), a local educational agency that receives a subgrant under this subsection shall use the funds provided under the subgrant to carry out the following activities:

“(i) Selecting and administering rigorous diagnostic reading and screening assessment tools.

“(ii) Selecting and implementing a program or programs of classroom reading instruction based on scientifically based reading research that—

“(I) includes the essential components of reading instruction; and

“(II) provides such instruction to all children, including children who—

“(aa) may have reading difficulties;

“(bb) are at risk of being referred to special education based on these difficulties;

“(cc) have been evaluated under section 614 of the Individuals with Disabilities Education Act but, in accordance with section 614(b)(5) of such Act, have not been identified as being a child with a disability (as defined in section 602 of such Act);

“(dd) are being served under such Act primarily due to being identified as being a child with a specific learning disability (as defined in section 602 of such Act) related to reading;

“(ee) are deficient in their phonemic awareness, phonics skills, vocabulary development, oral reading fluency, or comprehension strategies; or

“(ff) are identified as having limited English proficiency.

“(iii) Procuring classroom instructional materials based on scientifically based reading research.

“(iv) Providing professional development for teachers of grades kindergarten through 3, and special education teachers of grades kindergarten through 12, that—

“(I) will prepare these teachers in all of the essential components of reading instruction;

“(II) shall include—

“(aa) information, instructional materials, programs, strategies, and approaches based on scientifically based reading research, including early intervention and classroom reading materials and remedial programs and approaches; and

“(bb) instruction in the use of rigorous diagnostic reading and screening assessment tools and other procedures that effectively identify students who may be at risk for reading failure or who are having difficulty reading;

“(III) shall be provided by eligible professional development providers; and

“(IV) will assist teachers in becoming fully qualified in accordance with the requirements of section 1119.

“(B) OPTIONAL USES.—Subject to paragraph (8), a local educational agency that receives a subgrant under this subsection may use the funds provided under the subgrant to carry out the following activities:

“(i) Providing training to parents and other individuals who volunteer to be reading tutors in the essential components of reading instruction.

“(ii) Providing family literacy services, especially to parents enrolled in participating schools, through the use of library materials and reading programs, strategies, and approaches that are based on scientifically based reading research, to encourage reading and support their children's reading development.

“(8) LOCAL PLANNING AND ADMINISTRATION.—A local educational agency that receives a subgrant under this subsection may use not more than 2 percent of the funds provided under the subgrant for planning and administration.

“(d) OTHER STATE USES OF FUNDS.—

“(1) PROFESSIONAL DEVELOPMENT.—

“(A) IN GENERAL.—A State that receives a grant under this section may expend not more than 15 percent of the amount of the funds provided under the grant—

“(i) to develop and implement a program of in-service professional development for teachers of kindergarten through third grade, and special education teachers of grades kindergarten through 12, that—

“(I) will prepare these teachers in all of the essential components of reading instruction;

“(II) shall include—

“(aa) information on interventions, instructional materials, programs, and approaches based on scientifically based reading research, including early intervention and reading remediation materials, programs, and approaches; and

“(bb) instruction in the use of rigorous diagnostic reading and screening assessment tools and other procedures to improve instruction and effectively identify students who may be at risk for reading failure or who are having difficulty reading; and

“(III) shall be provided by eligible professional development providers;

“(ii) to strengthen and enhance professional development courses for students preparing, at all public institutions of higher education in the State, to teach kindergarten through third grades by—

“(I) reviewing such courses to determine whether their content is consistent with the findings of the most current scientifically based reading research, including findings on the essential components of reading instruction;

“(II) following up such reviews with recommendations to ensure that such institutions offer courses that meet the highest standards; and

“(III) preparing a report on the results of such reviews, submitting it to the reading and literacy partnership for the State established under section 1204(d), and making it available for public review via the Internet; and

“(iii) to make recommendations on how the State's licensure and certification standards in the area of reading might be improved.

“(B) FUNDS NOT USED FOR PROFESSIONAL DEVELOPMENT.—Any portion of the funds described in subparagraph (A) that a State does not expend in accordance with such subparagraph shall be expended for the purpose of making subgrants in accordance with subsection (c).

“(2) OTHER STATE-LEVEL ACTIVITIES.—A State that receives a grant under this section may expend not more than 3 percent of the amount of the funds provided under the grant for one or more of the following authorized State activities:

“(A) Assisting local educational agencies in accomplishing the tasks required to design and implement a classroom reading program under this subpart, including—

“(i) selecting and implementing a program or programs of classroom reading instruction based on scientifically based reading research;

“(ii) selecting rigorous diagnostic reading and screening assessment tools; and

“(iii) identifying eligible professional development providers to help prepare reading teachers to teach students using the programs and assessments described in clauses (i) and (ii);

“(B) Providing to students in kindergarten through third grades, through appropriate providers, reading instruction that includes—

“(i) rigorous diagnostic reading and screening assessment tools; and

“(ii) as need is indicated by such assessments, instruction based on scientifically based reading research that includes the essential components of reading instruction.

“(3) PLANNING, ADMINISTRATION, AND REPORTING.—

“(A) IN GENERAL.—A State that receives a grant under this section shall expend not more than 2 percent of the amount of the funds provided under the grant for the activities described in this paragraph.

“(B) PLANNING AND ADMINISTRATION.—A State that receives a grant under this section may expend funds described in subparagraph (A) for—

“(i) planning and administration relating to the State uses of funds authorized under this subpart, including administering the distribution of competitive subgrants to local educational agencies under this section and section 1205; and

“(ii) assessing and evaluating, on a regular basis, local educational agency activities assisted under this subpart, with respect to whether they have been effective in increasing the number of children in first and second grades served under this subpart who can read at or above grade level.

“(C) ANNUAL REPORTING.—

“(i) IN GENERAL.—A State that receives a grant under this section shall expend funds provided under the grant to provide the Secretary annually with a report on the implementation of this subpart. The report shall include evidence that the State is fulfilling its obligations under this subpart. The report shall include a specific identification of those schools and local educational agencies that report the largest gains in reading achievement.

“(ii) PRIVACY PROTECTION.—Data in the report shall be set forth in a manner that protects the privacy of individuals.

“(iii) CONTRACT.—To the extent practicable, a State shall enter into a contract with an entity that conducts scientifically based reading research, under which contract the entity will produce the reports required to be submitted under this subpart.

“SEC. 1204. STATE FORMULA GRANT APPLICATIONS.

“(a) IN GENERAL.—A State that desires to receive a grant under section 1203 shall submit an application to the Secretary at such time and in such form as the Secretary may require. The application shall contain the information described in subsection (b).

“(b) CONTENTS.—An application under this section shall contain the following:

“(1) An assurance that the Governor of the State, in consultation with the State educational agency, has established a reading and literacy partnership described in subsection (d), and a description of how such partnership—

“(A) coordinated the development of the application; and

“(B) will assist in the oversight and evaluation of the State's activities under this subpart.

“(2) An assurance that the State will submit to the Secretary, at such time and in such manner as the Secretary may reasonably require, a State plan containing a description of a process—

“(A) to evaluate programs carried out by local educational agencies under this subpart;

“(B) to assist local educational agencies in identifying rigorous diagnostic reading and screening assessment tools; and